

Daiei

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Dear Sirs,

**SUPPL**

We extend our sincere appreciation for your kind attention being given to our Company.

We are pleased to send you herewith a copy of our Press Announcement made here on October 12, 2007, which includes the Company's business results for the six-month period ended August 31, 2007.

Yours faithfully,

Shinji Hikoe

Shinji Hikoe

Divisional Manager

Finance Division

The Daiei, Inc.

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# August 31, 2007 Summary of Consolidated Financial Statement (TRANSLATION)

October 12, 2007

The Daiei, Inc.

4-1-1, Minatojima Naka-machi

Chuo-ku, Kobe 650-0046, Japan

(URL <http://www.daiet.co.jp/>)

- Securities code No.8263
- The Shares of the Company are listed on the first section of the Stock Exchange in Tokyo, Osaka and Nagoya, and on the Stock Exchange in Fukuoka and Sapporo.
- Annual Closing date: The last day of February
- We adopt Interim dividends system and unit stock system; 1 unit = 50 shares.
- Representative: Toru Nishimi President
- Inquiries relating to this announcement should be made to:  
Hideaki Shiraishi  
Divisional Manager  
Accounting Division  
Tel: +81-3-6388-7335
- Presentation of interim report: November 22,2007

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## 1. Consolidated business results (from March 1, 2007 to August 31, 2007 )

### (1) Business results

|                   | Operating revenues     | Operating income       | Ordinary income        | Net income             |
|-------------------|------------------------|------------------------|------------------------|------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] |
| August 31, 2007   | 600,381 (10.7%)        | 5,155 (79.7%)          | 1,383 (92.9%)          | 46,033 244.7%          |
| August 31, 2006   | 672,112 (22.3%)        | 25,450 41.9%           | 19,600 128.9%          | 13,353 (96.8%)         |
| February 28, 2007 | 1,283,888 —            | 48,308 —               | 37,288 —               | 41,298 —               |

|                   | Net income per share - basic | Net income per share - diluted |
|-------------------|------------------------------|--------------------------------|
|                   | [ In yen ]                   | [ In yen ]                     |
| August 31, 2007   | 232.50                       | —                              |
| August 31, 2006   | 67.43                        | 67.35                          |
| February 28, 2007 | 208.58                       | 208.47                         |

### Notes

(1) Percent indication of Operating revenues, Operating income, Ordinary income and Net income are rate of change for

August 31, previous year.

|                                      |                        |
|--------------------------------------|------------------------|
| (2) Equity in earnings of investees  | [ In millions of yen ] |
| For the term ended August 31, 2007   | 142                    |
| For the term ended August 31, 2006   | 551                    |
| For the term ended February 28, 2007 | 872                    |

(2) Financial condition

|                   | Total assets           | Net assets             | Shareholders' Equity Ratio | Equity per Share - basic |
|-------------------|------------------------|------------------------|----------------------------|--------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] |                            | [ In yen ]               |
| August 31, 2007   | 1,092,814              | 235,240                | 18.2%                      | 1003.32                  |
| August 31, 2006   | 1,235,598              | 161,021                | 10.2%                      | 634.19                   |
| February 28, 2007 | 1,139,409              | 188,659                | 13.4%                      | 773.01                   |

Note

|                                      |                        |
|--------------------------------------|------------------------|
| Shareholders' equity                 | [ In millions of yen ] |
| For the term ended August 31, 2007   | 198,648                |
| For the term ended August 31, 2006   | 125,569                |
| For the term ended February 28, 2007 | 153,052                |

(3) Statement of cash flows [Increase (Decrease) in cash]

[ In millions of yen ]

|                   | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at end of term |
|-------------------|----------------------|----------------------|----------------------|--|
| August 31, 2007   | 1,114                | 89,501               | (103,336)            | 113,629                                  |
| August 31, 2006   | (7,516)              | 31,944               | (51,142)             | 142,622                                  |
| February 28, 2007 | (12,053)             | 148,198              | (179,122)            | 126,359                                  |

2. Statement of dividends

[ In yen ]

| (Record date)                                    | Dividends per share |             |           |
|--|---------------------|-------------|-----------|
|  | Interim end of year | End of year | Full-year |
| For the year ended February 28, 2007             | —                   | —           | —         |
| For the year ending February 28, 2008            | —                   | —           | —         |
| For the year ending February 29, 2008 (Forecast) | —                   | —           | —         |

3. Forecast of consolidated operations for the year ending February 29, 2008:

|                   | Operating revenues     | Operating income       | Ordinary income        |
|-------------------|------------------------|------------------------|------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] |
| February 29, 2008 | 1,200,000 (6.5%)       | 16,000 (66.9%)         | 7,000 (81.2%)          |

|                   | Net income             | Net income per share - basic |
|-------------------|------------------------|------------------------------|
|                   | [ In millions of yen ] | [ In yen ]                   |
| February 29, 2008 | 48,000 16.2%           | 242.43                       |

Note

Percent indication of Operating revenues, Operating income, Ordinary income, and Net income are rate of change for February 28, 2007.

4. Others

(1) Changes of consolidated subsidiaries [Specific subsidiaries' changes affecting consolidation] : none

(2) Changes of accounting principles, procedure, and expressions for consolidated financial statements

① We have changes caused by amendment of accounting principles.

② Changes except above : none

(3) Number of outstanding common shares

[In thousands of shares]

|   | August 31, 2007 | August 31, 2006 | February 28, 2007 |
|---|-----------------|-----------------|-------------------|
| Outstanding shares<br>(including treasury shares) | 122,598         | 99,305          | 99,305            |
| Treasury shares                                   | 1,048           | 1,041           | 1,044             |

(Reference) Summary of unconsolidated business results

1. Unconsolidated business results (from March 1, 2007 to August 31, 2007)

(1) Business results

|                   | Operating revenues     | Operating income       | Ordinary income        | Net income             |
|-------------------|------------------------|------------------------|------------------------|------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] |
| August 31, 2007   | 417,340 ( 5.9%)        | 1,043 18.5%            | 684 126.5%             | 47,337 310.2%          |
| August 31, 2006   | 443,579 (27.6%)        | 880 —                  | 302 —                  | 11,539 (97.1%)         |
| February 28, 2007 | 869,892 —              | 4,132 —                | 1,104 —                | 39,195 —               |

|                   | Net income per share -<br>basic |
|-------------------|---------------------------------|
|                   | [ In yen ]                      |
| August 31, 2007   | 238.55                          |
| August 31, 2006   | 58.03                           |
| February 28, 2007 | 197.00                          |

Note

Percent indication of Operating revenues, Operating income, Ordinary income, and Net income are rate of change for August 31, previous year.

(2) Financial condition

|                   | Total assets           | Net assets             | Shareholders'<br>Equity Ratio | Equity per Share -<br>basic |
|-------------------|------------------------|------------------------|-------------------------------|-----------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] |                               | [ In yen ]                  |
| August 31, 2007   | 499,617                | 197,179                | 39.5%                         | 993.64                      |
| August 31, 2006   | 694,897                | 122,257                | 17.6%                         | 616.06                      |
| February 28, 2007 | 553,349                | 149,847                | 27.1%                         | 755.11                      |

Note

| Shareholders' equity                 | [ In millions of yen ] |
|--------------------------------------|------------------------|
| For the term ended August 31, 2007   | 197,179                |
| For the term ended August 31, 2006   | 122,257                |
| For the term ended February 28, 2007 | 149,847                |

2. Forecast of unconsolidated operations for the year ending February 29, 2008 :

|                   | Operating revenues     | Operating income       | Ordinary income        |
|-------------------|------------------------|------------------------|------------------------|
|                   | [ In millions of yen ] | [ In millions of yen ] | [ In millions of yen ] |
| February 29, 2008 | 840,000 (3.4%)         | 5,000 21.0%            | 3,000 171.7%           |

|                   | Net income             | Net income per share - basic |
|-------------------|------------------------|------------------------------|
|                   | [ In millions of yen ] | [ In yen ]                   |
| February 29, 2008 | 48,000 22.7%           | 241.89                       |

Note

Percent indication of Operating revenues, Operating income, Ordinary income, and Net income are rate of change for February 28, 2007.

\*As the above forecasts are based on the information available as of the date of this announcement, actual result is subject to the various factors in future.

*END*